

Rep. Joseph R. Pitts
Opening Statement
Energy and Commerce Subcommittee on Health
Hearing on “The Need to Move Beyond the SGR”
May 5, 2011

The system that is currently used to pay physicians for providing services to beneficiaries in the Medicare system is broken, and has been for some time. The dilemma that currently threatens doctors and Medicare beneficiaries alike is all too familiar.

According to the most recent Congressional Budget Office estimate, if nothing is done, physicians will see reimbursement for services provided to Medicare patients cut by 29.4% on January 1, 2012. This will have a disastrous effect on access to care for Medicare beneficiaries.

According to surveys by the American Medical Association, faced with cuts of this magnitude, as many as 82 percent of physicians say that they will need to make significant changes in their practices that will affect access to care.

We have been here before. In fact, we have been in this situation for almost a decade. Since 2002, Congress has acted repeatedly to avert scheduled fee cuts.

In 2010 alone, Congress passed two 1-month overrides, two 2-month overrides, one 6-month override and, most recently, for 2011, Congress passed a 1-year override.

All this was done without resolving the underlying problem. Meanwhile, the cost of fixing the problem continues to grow.

In March, the Congressional Budget Office estimated that the price just to wipe out the accumulated debt and return to the baseline would be \$298 billion dollars.

This staggering price tag is just one side of the physician payment reform problem. The current payment system is fundamentally flawed and keeping the current system or making minor adjustments is no longer a viable option.

Even maintaining the current system with zero percent updates through 2020 would cost \$275.8 billion dollars.

Too often, the discussion around physician payment reform has focused on the deficiencies of the current system and the urgent need to move away from the Sustainable Growth Rate formula without a clear vision of the kind of system we want to replace it with.

Essentially all of us agree on the need for a new payment system and there are a lot of good ideas about what an ideal payment system should look like. The witnesses that are participating in today's hearing bring a wealth of knowledge on this issue and some of them have personal experience in the design and administration of innovative systems.

I want to thank the distinguished panel of experts that have taken the time to testify today. I am encouraged that this hearing will go beyond merely describing the deficiencies of the current SGR system and will lead to a productive discussion of how we move to a system that reduces the growth in health care spending, preserves access to care for Medicare beneficiaries and pays providers fairly, based on the value, not the volume of their services.